

SYNTHETIC FUELS: LET'S GET ON WITH THE JOB. R.E. Balzhiser. Electric Power Research Institute, P.O. Box 10412, Palo Alto, California 94303.

The government has been and should continue to be an active funder of fossil fuel research and development, particularly as it relates to syn-fuels from coal and shale. Work should continue to be supported in universities and industry as well as government facilities, with the principal support of pilot scale development work performed and managed by industry utilizing the cooperative agreement form of government participation. The most urgent need facing the nation relates to the need to develop a synthetic fuels production capability. Uncertainties arising from past regulatory practices have inhibited industry from making the large investments necessary to commercialize these technologies. Government options include: 1) funding demonstration plants, such as the Solvent Refined Coal projects; 2) use of loan guarantees and/or tax incentives; 3) establishment of government owned industry operated plants as was done for synthetic rubber; 4) government purchase of synfuels output; and 5) government mandated production levels with industry selecting the technologies and providing funds in lieu of an excess profits tax. While each approach has its advocates, I believe the latter best fixes responsibility on the government and industry to make those decisions that they are institutionally most qualified to make.